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EU-27

Citrus Annual

EU-27 CITRUS ANNUAL

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Report Highlights:

EU-27 citrus orchards include orange, lemon, mandarin and grapefruit groves. Production is mainly located in the Mediterranean regions of Spain, Italy and Greece, with lesser production in France, Cyprus, Malta and Portugal. For MY 2010/11, total EU citrus production is expected to be stable with a 5 percent decrease in orange production and a minor increase in mandarin, lemon, and grapefruit production.

Executive Summary:

Disclaimer: This report presents the situation for citrus (orange juice, oranges, grapefruits, lemons, tangerines, mandarins and other citrus) in the EU-27. This report contains the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

This report would not have been possible without the expert contributions from the following Foreign Agricultural Service analysts:

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Abbreviations used in this report:

CMO Common Market Organization
EC European Commission
EU European Union
FAS Foreign Agricultural Service
FCOJ Frozen Concentrated Orange Juice
GTA Global Trade Atlas

HS Codes: Harmonized System codes for commodity classification used to calculate trade data

Oranges 080510
Tangerines/Mandarins 080520
Lemons 080550
Grapefruit 080540
Orange Juice 200911, 200912, 200919

MS EU Member State(s)
MT Metric ton (1,000 kg)
MY Marketing year
 Orange November/October
 Tangerine November/October
 Lemon November/October
 Grapefruit November/October
 Other Citrus November/October
 Orange Juice November/October
PO Production Organization
PS&D Production, Supply and Demand
TMT Thousand Metric Tons
USD U.S. Dollar

Commodities:

Oranges, Fresh

Production:

EU orange production, like other citrus fruit, is concentrated in the Mediterranean region. Oranges are the second largest EU fruit crop after apples, with over 6.5 million tons produced in MY 2008/09 and 6.4 million tons in MY2009/10. More than 80 percent of the EU's total production of oranges is sourced in Spain and Italy. The remaining 20 percent is distributed among other Member States (MS), mainly Cyprus, Greece and Portugal. For MY2010/11, an EU-wide orange crop of 6.1 million tons is forecasted. A nine percent increase in Spanish production, along with a five percent increase in Portugal and Cyprus is offset by a 20 percent decrease in Italy and a seven percent decrease in Greece. The overall result is a five percent reduction in the production of fresh oranges in the EU, when compared to last season.

Spain is the largest orange producer within the EU, representing about 50% of total orange production within the Union. The season has started with a delay of between one and two weeks in Spain, depending on the regions, and with good perspectives for early varieties. The orange production for MY 2010/11 in Spain is expected to reach 2,973,000 MT in what is considered an average season, half way between the last two, with good quality, although with fewer volume with commercial sizes.

Citrus production in Spain is mainly located in four regions: Comunidad Valenciana, Murcia, Catalonia and Andalusia. Comunidad Valenciana is the most important region, not only in acreage but also with respect to their long tradition of citrus farming. Orange production in Spain is focused on the fresh domestic and export markets, given that the profit for processing is less attractive than the margin for fresh.

A 20 percent decrease is expected to occur in Italy in MY 2010/11 according to industry experts with production declining to less than 2,000,000 MT due to heavy rains and hail that partially cut yields. An average harvest is forecast after the MY 2009/10 production set a record reaching almost 2,500,000 MT. Therefore, prices are expected to recover from the sharp drop that occurred in the previous marketing year linked to the abundant production. A large part of the Italian orange production consists of the "blood" varieties, planted chiefly in Sicily and used almost entirely for fresh consumption.

In MY 2010/11 Greek orange production is forecast to decrease by 7 percent compared to the previous year. Despite that, Greek industry contacts consider the expected production (922,000 MT) a good crop, both in terms of quality and quantity, also considering the current Greek economic crisis. The recent rainfall should help improve the size. Peloponnese and Aitolokarnaia (western Greece) are the main orange-producing areas. Washington Navel, Commons, Valencia, Navelina, and Newhall are the major orange varieties grown in Greece.

In Portugal, oranges are the most important citrus product, accounting for almost 75% of total citrus production. Production in MY 2010/11 is expected to reach 203,000 MT following good weather conditions with sufficient rain.

Oranges have been grown in the island of Cyprus since the 1950s. In MY 2010/11 Cypriot orange production is forecast to slightly increase by 5 percent, thanks to the increased availability of water supplies, despite the lack of rain since the summer. Famagusta, Limassol, Larnaca, and Paphos districts are the major orange-producing areas. Navels, Ovals (Shamoutis), and Valencia are the main orange varieties grown in Cyprus.

Table 1. Major EU Fresh Orange Producers by Volume in MT

Country	MY 2008/09	MY 2009/10	MY 2010/11
Spain	3,410,300	2,736,300	2,972,700
Italy	2,166,886	2,421,284	1,937,027
Greece	727,100	996,000	922,000
Portugal	201,592	193,840	203,532
Cyprus	24,100	70,900	74,500
Total	6,529,978	6,418,324	6,109,759

Source: FAS offices

Consumption:

Consumption of oranges in the EU is expected to remain above 5,800,000 MT for MY 2010/11.

Oranges are Spain's favorite fresh fruit, with over 21 kilos per capita consumed in 2009, representing up to 20 percent of fresh fruit consumption. MY 2010/11 Greek orange consumption is forecast to decline by 22 percent, as a consequence of the Greece's financial downturn. Most oranges are consumed fresh (channeled to the fresh open markets and grocery stores). Commons variety is predominantly used in processing. MY 2010/11 Cypriot orange consumption is expected to grow by 7 percent, as a consequence of the increased production. Most oranges are consumed fresh (channeled to the fresh open markets and grocery stores).

Trade:

The EU is a net importer of oranges, with imports largely exceeding exports. Imports into the EU were valued at about US \$635 million in MY 2008/09, some 18 percent less than in the previous marketing year. However imports are expected to have recovered in MY 2009/10 to US \$733 million. The value of exports in MY 2008/09 reached US \$216 million, higher than the two previous seasons. Intra-EU trade is very important, considering the volume of oranges produced within the EU. The main customers of the major EU producing countries are other EU Member States.

The major supplier of oranges to the European market is South Africa, which supplies the European Market from June until October, when the Northern hemisphere harvest starts, followed by Egypt, Argentina, and Morocco. The major EU importers are Germany, France, the Netherlands and the United Kingdom.

Table 2. EU-27 Imports of Oranges by Origin in MT

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
South Africa	460,140	335,084	439,941
Egypt	109,744	131,498	135,027
Argentina	95,335	81,589	108,007
Morocco	138,968	90,354	93,072
Uruguay	57,937	60,357	71,344
Turkey	20,811	32,826	17,225
Others	156,965	114,709	85,763
Total Imports	1,039,900	846,417	950,379

Source: GTA and FAS estimates.

Table 3. EU-27 Exports of Oranges by Destination in MT

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Switzerland	53,820	55,535	58,912
Serbia	31,219	33,666	35,886
Norway	30,452	29,959	29,998
Croatia	22,717	22,848	22,589
Russia	17,439	14,350	21,542
Albania	21,289	21,780	21,273
Others	64,741	57,796	82,133
Total Exports	241,677	235,934	272,333

Source: GTA and FAS estimates.

Production, Supply and Demand Data Statistics:

Table 4. Oranges, Fresh Production, Supply and Demand

Oranges, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	309,297	320,934	309,652	324,873		323,174
Area Harvested	284,526	296,501	285,104	299,697		296,459
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	6,506	6,530	6,202	6,418		6,110
Imports	844	846	800	950		1,200
Total Supply	7,350	7,376	7,002	7,368		7,310
Exports	236	236	240	272		200
Fresh Dom. Consumption	5,519	5,862	5,342	5,901		5,834
For Processing	1,595	1,278	1,420	1,195		1,276
Total Distribution	7,350	7,376	7,002	7,368		7,310

HECTARES, 1000 TREES, 1000 MT

Source: FAS offices

Commodities:

Tangerines/Mandarins, Fresh

Production:

While Spanish farmers continue to replant their groves with new varieties to extend the production season, the principal obstacle to mandarin production remains the production windfall during the initial months of the marketing year -- October, November and December. Spain's tangerine production is expected to increase by approximately 8 percent to 2,190,000 MT in MY 2010/11. This year the weather was favorable. Spring was cool and rainy giving the plant optimal development conditions and this translated in a good production of fruit with adequate commercial sizes.

Tangerines are the second most important citrus product in Portugal, after oranges. The Algarve is the most representative region. The production of tangerines is also expected to increase in MY 2010/11 to over 68,000 MT due to good weather.

Italian tangerine MY 2010/2011 harvest is forecast to remain stable at MY 2009/10 levels. Despite that Italian tangerine producers are facing hard times in MY 2010/11 due to falling prices triggered by increasing supply in the world market. Growing imports especially from Spain together with decreasing domestic consumption are severely hampering the tangerine sector in the main producing regions (Sicilia, Calabria and Basilicata). If prices do not rise over the marketing year, farm margins are expected to be negative. According to first estimates however, early easy peelers from Calabria show a good quality level. MY 2010/11 production is expected at 835,000 MT slightly above previous year harvest. About 20 percent of total crop is represented by the traditional mandarins, cultivated mainly in Sicily, while the remaining 80 percent is given by the hybrid varieties, which prevail in other southern regions (Calabria and Apulia).

Greek tangerine production is expected to increase by 10 percent in MY 2010/2011. The main producing areas include the prefectures of Igoumenitsa, Arta, Mosologgi, and Thesprotia, located in northern Greece. Clementine is the major tangerine variety grown in Greece.

All types of tangerines and hybrids represent 39 percent of total citrus production in Cyprus. MY 2010/11 Cypriot tangerine production is expected to grow by 5 percent, due to the increased availability of water supplies, despite the lack of rain since the summer. Famagusta, Limassol, Larnaca, and Paphos districts are the major orange-producing areas. Mandorras, Tangelo, Minneolas, Nova, and Clementines are the main tangerine varieties grown in Cyprus.

Total European tangerine production is expected to increase and reach over 3,280,000 MT in MY2010/11.

Table 5. Major EU Fresh Tangerine Producers by Volume in MT

Country	MY 2008/09	MY 2009/10	MY 2010/11
Spain	2,227,900	2,021,300	2,190,000
Italy	765,139	826,825	835,000

Greece	59,800	100,000	110,000
Cyprus	41,100	82,000	85,800
Portugal	66,904	63,599	68,687
Total	3,160,843	3,093,724	3,289,487

Source: FAS Offices

Consumption:

Mandarins and tangerines are easy to peel and have easily adapted to modern eating habits.

Consumption is increasing within the EU, particularly within those MS who produce mandarins and tangerines. Per capita consumption in the EU for 2009/10 is calculated at 5.9 kilos and in Spain is thought to have reached 7.2 kilos.

MY 2010/11 Greek tangerine consumption is forecast to significantly increase by 26 percent, driven by the growing production. Most tangerines are consumed fresh. Clementines are strongly promoted along the west coast and cover early and late season demands, both domestically and abroad.

MY 2010/11 Cypriot tangerine consumption is forecast to increase by 7 percent. All tangerines are consumed fresh. Mandorras and Minneolas varieties cover early and late season demands, both domestically and abroad. New experimental strains on modern root stock hold high expectations for the next years.

Trade:

The major suppliers of tangerines to the European market are Morocco, Turkey, and South Africa. The major EU importers are the United Kingdom, France Germany and the Netherlands. Russia remains the largest export market. Both imports and exports have increased in volume in MY 2009/10. In 2008/09 EU imports were worth over US \$350 million and EU exports amounted to nearly US \$279 million.

Table 6. EU-27 Imports of Tangerines by Origin in MT

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
Morocco	78,483	80,384	116,480
Turkey	59,522	81,106	63,766
South Africa	70,347	65,300	61,164
Argentina	36,217	46,638	38,423
Israel	22,668	24,787	36,411
Uruguay	31,209	33,828	36,386
Others	56,816	44,559	55,625
Total Imports	355,262	376,602	408,254

Source: GTA and FAS estimates

Table 7. EU-27 Exports of Tangerines by Destination in MT

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
United States	44,683	56,932	44,147
Russia	69,085	52,193	60,304
Switzerland	35,737	39,445	39,372
Ukraine	31,887	26,280	26,983
Norway	24,382	23,576	24,757

Belarus	20,105	21,859	19,096
Others	43,599	37,949	53,884
Total Exports	269,478	258,234	268,544

Source: GTA and FAS estimates

Production, Supply and Demand Data Statistics:

Table 8. Tangerines/Mandarins, Fresh Production, Supply and Demand

Tangerines/Mandarins, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	175,636	171,721	176,313	167,540		165,981
Area Harvested	160,121	156,109	161,053	152,251		151,207
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	3,160	3,160	3,074	3,094		3,289
Imports	375	377	410	408		360
Total Supply	3,535	3,537	3,484	3,502		3,649
Exports	258	258	260	269		340
Fresh Dom. Consumption	3,006	2,991	2,964	2,948		2,969
For Processing	271	288	260	285		340
Total Distribution	3,535	3,537	3,484	3,502		3,649

HECTARES, 1000 TREES, 1000 MT

Source: FAS offices

Commodities:

Lemons, Fresh

Production:

In Spain, according to the latest official data, lemon crop production for MY 2009/10 is 633,600 MT, a 12 percent increase over the previous year. Lemon production in Spain is concentrated in three regions located in the southern Mediterranean area: Murcia, Comunidad Valenciana and the Provinces of Malaga and Almeria in Andalusia. The dominant varieties in Spain are Verna (or Berna) -- a tender and juicy variety with few seeds, representing 30 percent of total production; and Mesero -- also known as Fino or Primofiori, which represents 70 percent of total production and favored by the processing sector. Verna is a summer variety, harvested from May to September, while Fino is a winter variety, harvested from October to April.

Industry sources place harvest numbers even higher in MY2010/11 at 810,000 MT in Spain. There was a delay in the start of the harvest due to the small size of fruits. However, by December there was already a sufficient quantity to supply markets. The increase is particularly in the production of the Verna variety for which 150,000 MT are expected. This means that in the next summer Spanish lemon will compete with Argentine lemon in Europe. The increase in production is common to all producing zones: Murcia, Alicante, Almeria and Malaga and it is due to more rainy weather during the growing season.

The Spanish industry body, Ailimpo, finds that the start of the season was difficult due to three factors. The first is a weak demand and strong pressure from distribution chains to lower prices after a Southern Hemisphere campaign that saw very high prices. Secondly, Turkey has started its season with very high volumes and low prices and supplying all markets from the first week of September. Thirdly, in November there were still stocks of Argentine lemons with very low prices and quality, making it hard for the Spanish lemon to enter the market. The fact that Argentina sent lemons in the end of August/start of September is considered by Ailimpo to be a recurring mistake that harms everyone. Turkey is considered to be the main threat in the coming years because it is increasing its area, its exports have also been increasing, and its geographical location allows it to better supply the Middle Eastern markets.

The price of concentrated lemon juice has increased markedly in the latest years due to good international fundamentals. The EU aid to each kg of lemon delivered to industry has ended and the supply of fruit to the industry is now totally liberalized. Prices this campaign have been between 0.12-0.15 €/kg, delivered at the mill gate which is considered by the industry as sufficient to cover harvesting costs.

While lemons represent less than 5% of Portugal's citrus crop, production levels have remained stable over the last three seasons.

In Italy, according to industry experts, a 10 percent decrease is expected to occur in MY 2010/11 production. However, prices have been declining since the beginning of MY 2010/11 due to increasing competition from other countries. About 90 percent of the Italian lemon crop is produced in Sicily.

Greek lemon production is forecast to increase by 39 percent in MY 2010/11, due to favorable weather. The main producing areas include the prefectures of Korinthos, Achaia, Piraeus, and Ilias, located in northern Greece. The major lemon variety grown in Greece is Maglini, whose fruit is strongly aromatic, with a quite sour juice. It has a thin, shiny peel and when fully ripe has a yellow color.

Cypriot lemon production is forecast to increase by 7 percent in MY 2010/11, thanks to the increased availability of water supplies, despite the lack of rain since the summer. Lapithos village is the main lemon-producing area. Lapithiotiki (a local variety), Eureka, and Lisbon are the major lemon varieties grown in Cyprus.

At the EU-level, the production of lemon is expected to reach 1,193,000 in MY 2010/11, a 2 percent increase from the previous year, as Italy's decrease is compensated by all other producing countries.

Table 9. Major EU Fresh Lemons/Limes Producers by Volume in MT

Country	MY 2008/09	MY 2009/10	MY 2010/11
Spain	687,900	564,400	633,600
Italy	518,528	544,532	490,000
Greece	29,600	33,000	46,000
Portugal	12,050	11,587	12,166
Cyprus	15,000	10,800	11,500
Total	1,263,078	1,164,318	1,193,266

Source: FAS Offices

Consumption:

In Spain, lemon consumption is fairly stable throughout the year. Despite a substantial price increase in recent years, consumption of lemons has not declined. Average consumption in MY 2009/10 was 3 kilos per capita with total lemon consumption at 135,000 MT, 67 percent of which sold to households. At the EU level, the estimated average consumption of fresh lemons has stabilized at around 2.8 kg per capita. As lime production within the EU is minor, consumer demand is met through imports.

In MY 2010/11 Greek lemon consumption is forecast to increase by 13 percent, driven by a growing production. Greek lemon production is totally destined for the fresh market. Greece has become increasingly reliant on imported lemon juice to meet the consumer demand, because of the increase in tourism and in consumption of soft drinks. The yield for lemon juice is 15-17 Kg of fresh lemons to produce 1 Kg of lemon juice, depending on the quality of the fruit.

In MY 2010/11 Cypriot lemon consumption is forecast to increase by 8 percent, due to the increased domestic production. Lapithiotiki lemon variety boasts the highest per capita domestic consumption, due to its distinctive aroma and taste. It has a thin skin, oval shape, rich flesh, firm yellow rind, and the majority of the fruits are seedless. Cypriot lemon is mainly used as an ingredient in the local cuisine on salads and prepared food.

Trade:

The EU is a net importer of lemons, with imports largely exceeding exports. Imports into the EU were valued at about US \$402 million in MY 2008/09, while the value of exports in MY 2008/09 reached US \$75 million. Intra-EU trade is critical to the sector, taking into account the volume of lemons produced in the Mediterranean MS and the demand in non producer MS. The main intra-EU importers are Germany, the Netherlands, France and the United Kingdom.

According to available data, imports into the EU are expected to have increased in MY2009/10, compensating the lower EU production in that marketing year. Trade estimates indicate a continuing increase in Turkey's share of the EU-27 import market.

The major supplier to the European market is Argentina, followed by Turkey. The major EU importers of non-EU lemons are the Netherlands, Germany, France and Italy. The main extra-EU destination for European lemons is Russia.

Table 10. EU-27 Imports of Lemons/Limes by Origin in MT

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
Argentina	269,099	163,756	167,082
Turkey	74,350	103,880	145,536
Brazil	52,682	53,356	56,541
South Africa	65,002	39,340	49,283
Mexico	14,808	24,421	24,569
Uruguay	10,002	10,098	11,372
Others	29,307	10,315	13,074
Total Imports	515,250	405,166	467,457

Source: GTA and FAS estimates

Table 11. EU-27 Exports of Lemons/Limes by Destination in MT

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Russia	22,081	32,035	24,306
Switzerland	11,222	13,866	13,405
Ukraine	4,705	6,838	5,702
Croatia	4,379	7,850	5,247
Norway	3,380	4,127	3,405
Bosnia & Herzegovina	2,957	4,113	2,576
Others	10,420	18,226	10,522
Total Exports	59,144	87,055	65,162

Source: GTA and FAS estimates

Production, Supply and Demand Data Statistics:

Table 12. Lemons, Fresh Production, Supply and Demand

Lemons/Limes, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	79,393	84,182	78,944	83,189		80,717
Area Harvested	74,223	79,177	73,850	77,295		77,491
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	1,264	1,263	1,158	1,164		1,193
Imports	403	405	400	467		450
Total Supply	1,667	1,668	1,558	1,631		1,643
Exports	87	87	60	65		70
Fresh Dom. Consumption	1,186	1,364	1,261	1,353		1,388
For Processing	394	217	237	213		185
Total Distribution	1,667	1,668	1,558	1,631		1,643

HECTARES, 1000 TREES, 1000 MT

Source: FAS Offices

Commodities:

Grapefruit, Fresh

Production:

Grapefruit from Cyprus, the largest EU-27 grapefruit producer, is regarded as amongst the best worldwide and represents over 30 percent of total exported citrus fruit. Cypriot grapefruit production is forecast to grow by 5 percent in MY 2010/11, thanks to the increased availability of water supplies, despite the lack of rain since the summer. White Marsh Seedless, mostly grown in the Limassol area, is the major grapefruit variety grown in Cyprus. New plantations have been established in the district of Paphos where the Red varieties (Star Ruby, Red Blush, and Rio Red) were introduced to meet the increased market demand.

Grapefruit production also increased in Spain. According to the industry this is bringing good prospects for Spanish exports, even considering that demand seems to have waned somewhat (Argentina and

South Africa decreased their shipments this Summer and Florida has sent less grapefruit to the EU than in the previous season). Spain is the European Member State with the second highest grapefruit production, although not significant when compared to other Spanish citrus crops. Half of Spain's grapefruit production is found in the region of Murcia. The main variety planted is Ruby Red.

Overall EU grapefruit production has been increasing in the last two marketing years and is expected to reach nearly 108,000 MT in MY 2010/11.

Table 13. Major EU Fresh Grapefruit Producers by Volume in MT

Country	MY 2008/09	MY 2009/10	MY 2010/11
Cyprus	27,100	48,000	50,500
Spain	43,600	41,100	44,388
Italy	7,200	7,250	7,000
Greece	6,500	5,800	5,800
Portugal	282	271	285
Total	84,682	102,421	107,973

Source: FAS Offices

Consumption:

The Spanish industry believes there is the potential for growth in the consumption of grapefruit. This is because official data shows that 84% of people do not yet consume grapefruit and 54% associate it with slimming diets. For grapefruit, only 5,000 MT are expected to be delivered to industry.

In MY 2010/11 Cypriot grapefruit consumption is expected to grow by 6 percent. Cypriot grapefruits are both consumed fresh and channeled to food and beverage manufacturers. MY 2010/11 Greek grapefruit consumption is forecast to remain stable. Most grapefruits are consumed fresh.

Trade:

The EU imports grapefruit from third countries as domestic supply is currently just above 20 percent of demand. The largest importers within the EU are France, the Netherlands, Germany and Belgium. The major sources for imported grapefruit in MY 2009/10 were China, Turkey, South Africa and Israel.

Regarding exports, the main destinations for EU-27 grapefruit are Russia and Switzerland. MY 2009/10 is expected to have realized a decline in exports to Switzerland and Eastern Europe and higher exports to Russia.

Table 14. EU-27 Imports of Grapefruit by Origin in MT

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
China	67,087	69,884	93,401
Turkey	73,709	65,567	76,278
South Africa	87,072	88,501	75,588
Israel	62,175	66,425	56,218
United States	79,318	63,759	54,951
Argentina	23,757	15,328	9,339
Others	36,802	29,843	20,959

Total Imports	429,920	399,307	386,734
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Source: GTA and FAS estimates

Table 15. EU-27 Exports of Grapefruit by Destination in MT

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Russia	9,382	7,246	8,245
Switzerland	2,211	3,010	2,427
Belarus	1,951	2,490	2,047
Serbia	1,232	1,737	1,421
Ukraine	1,712	1,410	1,316
Croatia	1,371	1,241	1,258
Others	3,179	3,899	4,522
Total Exports	21,038	21,033	21,235

Source: GTA and FAS estimates

Production, Supply and Demand Data Statistics:

Table 16. Grapefruit, Fresh Production, Supply and Demand

Grapefruit, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,167	2,575	2,159	2,439		2,436
Area Harvested	1,812	2,040	1,804	1,943		1,936
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	85	85	82	102		108
Imports	399	399	400	387		380
Total Supply	484	484	482	489		488
Exports	21	21	20	21		21
Fresh Dom. Consumption	458	435	457	448		438
For Processing	5	28	5	20		29
Total Distribution	484	484	482	489		488

HECTARES, 1000 TREES, 1000 MT

Source: FAS Offices

Commodities:

Orange Juice

Production:

The European citrus sector is strongly orientated towards the fresh produce market. Margins are better for fresh fruit intended for fresh consumption for both domestic and export demand. Processing is a buffer for production surpluses and fruit that does not meet commercial standards. More fruit is processed in those years when fruit size is small or when production is above normal levels. Total EU orange juice production is expected to increase in MT 2010/11 following higher deliveries of oranges to be processed.

In Italy, oranges delivered to the processing industry dropped in MY 2008/09, due not only to implementation of the new Common Market Organization (CMO) policy, which removed coupled aid for citrus, but also as a result of the sharp decline in production and low quality fruit caused by unfavorable weather conditions. Italy's processed citrus sector recovered partially in MY 2009/10 to about 450,000 tons, although the rate of such recovery relates directly to the international market, particularly the Brazilian juice sector. In MY2010/11 deliveries are expected to be back to MY2008/09 levels at 350,000 MT.

Spain specializes in pasteurized "not from concentrate" orange juice, which does not compete directly with concentrated orange juice originating from Brazil or the United States. Spain's implementation of the CAP citrus reform included a two-year transitional period in order to achieve a smoother shift to the new legal framework. Smaller oranges are destined for orange juice processing with larger sizes devoted to fresh consumption.

Consumption:

While orange juice is the most popular juice within the EU-27, it competes with other non-alcoholic drinks and juices made from other fruits. The preferred packaging type by European consumers is the carton. The convenience of orange juice is reflected in its better adaptation to modern consumption habits than whole fresh oranges. Another factor affecting consumption is the current economic situation that has led to higher demand for private label juice at the expense of brand labels.

Trade:

In MY2009/10, total imports are expected to be lower when compared to the previous market year, with a high share of Brazilian imports. Brazil continues to be the main supplier of orange juice to the EU with more than 80 percent of total imports of high Brix degree orange juice to the EU market. Trade data confirms increasing supplies from the United States and a continuous decrease in the ranking of Switzerland within the juice sector trade in MY 2009/2010. EU-27 exports have also increased in MY2009/10 with main export destinations to be Switzerland, Norway and Algeria.

Table 17. EU-27 Imports of Orange Juice by Origin in MT

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
Brazil	638,062	805,994	687,015
United States	9,582	15,630	24,910
Cuba	10,689	8,537	11,314
Israel	8,398	6,153	9,991
Switzerland	105,214	56,233	7,543
Argentina	2,593	5,121	5,356
Others	7,907	11,533	23,197
Total Imports	782,447	909,200	769,326

Source: GTA and FAS estimates

Table 18. EU-27 Exports of Orange Juice by Destination in MT

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Switzerland	2,582	2,097	2,363
Norway	1,746	1,540	1,422

Algeria	1,227	1,020	1,145
Japan	980	830	754
Russia	1,166	679	576
Saudi Arabia	567	623	1,320
Others	6,462	5,725	6,516
Total Exports	14,730	12,514	14,095

Source: GTA and FAS estimates

Production, Supply and Demand Data Statistics:

Table 19. Orange Juice Production, Supply and Demand

Orange Juice EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	1,595,000	1,359,832	1,420,000	1,286,900		1,357,600
Beginning Stocks	15,000	15,000	15,000	15,000		15,000
Production	102,306	105,417	107,806	99,763		105,244
Imports	879,721	909,200	825,000	769,326		800,000
Total Supply	997,027	1,029,617	947,806	884,089		920,244
Exports	12,484	12,514	12,000	14,095		13,000
Domestic Consumption	969,543	1,002,103	920,806	854,994		892,244
Ending Stocks	15,000	15,000	15,000	15,000		15,000
Total Distribution	997,027	1,029,617	947,806	884,089		920,244
MT						

Source: FAS Offices

Commodities:

Citrus, Other, Fresh

Policy:

A new Common Market Organization (CMO) for fruit and vegetables, together with a fresh set of implementing rules, has been in place with effect from January 1, 2008. The European Commission asserts that the aim of the reformed CMO is to improve the competitiveness and market orientation of the fruit and vegetable sector, reduce income fluctuations resulting from crises, promote consumption – so contributing to improved public health – and enhance environmental safeguards. New measures set out to encourage growers to join Producer Organizations (POs). POs are offered a wider range of tools for crisis management; the fruit and vegetable sector is integrated into the Single Payment Scheme (SPS); a minimum level of environmental spending is required; EU funding for promotion and organic production is increased; and export subsidies for fruit and vegetables are abolished.

[Council Regulation \(EC\) No 1182/2007](#) outlines the reform of the fruit and vegetable sector.

[Commission Regulation \(EC\) No 1580/2007](#) (as last amended by Regulation (EC) No 905/2010) provides for the implementing rules.

Details of the reform

Producer Organizations (POs): POs will gain greater flexibility and their rules will be simplified.

There will be additional support (60 percent Community co-financing rather than 50 percent) in areas where production covered by POs is less than 20 percent, and, in particular, in the new Member States, to encourage the creation of POs. Member States and POs will develop Operational Programs based on a national strategy.

Crisis Management: This will be organized through Producer Organizations (50 percent financed by the Community budget). Tools will include green harvesting/non-harvesting, promotion and communication tools in times of crisis, training, harvest insurance, help in securing bank loans and financing of the administrative costs of setting up mutual funds. Withdrawals can be carried out by POs with 50 percent co-financing. Withdrawals for free distribution to schools etc will be 100 percent paid by the Community. Community aid to POs will remain limited to 4.1 percent of the total value of marketed produce, but this may rise to 4.6 percent provided that the excess is used only for crisis prevention and management. For three years, state aid may be granted to extend crisis management measures to non members who enter into a contract with a PO. Compensation for non members will be no more than 75 percent of the Community support received by PO members.

Inclusion of fruit and vegetables in the Single Payment Scheme (SPS): Land covered by fruit and vegetables will become eligible for payment entitlements under the decoupled aid scheme which applies in other farm sectors. All existing support for processed fruit and vegetables will be decoupled and the national budgetary ceilings for the SPS will be increased. The total amount that will be transferred to the SPS is around €800 million. For tomatoes, Member States will be allowed to apply transitional payments for a four-year transitional period (2008-2011), provided that the coupled proportion of the payment does not exceed 50 percent of the national ceiling. For non-annual crops, they will be allowed to apply transitional payments for five years, provided that after December 31, 2010, the coupled proportion does not exceed 75 percent of the national ceiling. Member States may if they so choose postpone the distribution of fruit and vegetable entitlements for up to three years.

Environmental measures: The inclusion of fruit and vegetables in the SPS means that [Cross Compliance](#) (i.e. mandatory environmental standards) will be compulsory for those farmers receiving direct payments. In addition, POs must devote at least 10 percent of expenditure in each Operational Program to environmental measures. There will be a 60 percent Community co-financing rate for organic production in each Operational Program.

Encouraging greater consumption: Higher consumption of fruit and vegetables was one of the goals identified in the [Commission's White Paper on Nutrition](#), published in May 2007. POs will be able to include promotion of fruit and vegetable consumption in their operational programs. There will be an additional €6 million under the general promotion regulation for the promotion of fruit and vegetables targeted at children in educational establishments. There will be an €8 million budget for free distribution of fruit and vegetables to schools, hospitals and charitable bodies, which will be 100 percent financed by the Community up to a limit of 5 percent of the quantity marketed by a PO. The Council asked the Commission to carry out a feasibility study into the creation of a school fruit and vegetable scheme.

Transitional soft fruit payment: To allow producers of strawberries and raspberries for processing to adapt to market circumstances, they will receive a transitional direct payment worth €230 per hectare for

maximum period of 5 years for a set number of hectares. Member States may pay a national top-up so that the total shall not exceed €400/hectare.

Separate fruit and vegetable payment for Single Area Payment Scheme (SAPS) countries:

Countries applying the Single Area Payment Scheme will be able to introduce a decoupled fruit and vegetable payment to historical producers of fruit and vegetables. Member States had to decide by November 1, 2007 the amount to be deducted from the SAPS envelope to cover this and the criteria used for the allocation of the fruit and vegetable payment.

Maximum Residue Level for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. **Regulation 1107/2009 concerning the placing on the market of plant protection products (PPPs) will become fully applicable from June 14, 2011 and is setting out the rules for the authorization of plant protection products (PPPs). How this will affect MRLs can only be determined after the new legislation is fully implemented.**

For more information, see at:

http://ec.europa.eu/food/plant/protection/pesticides/index_en.htm or
<http://www.fas.usda.gov/posthome/useu/pesticides.html>

Certification of Plant Products

Unlike animal products, certification of plants and plant products is not harmonized within the EU. Phytosanitary certificates issued by an APHIS inspector are required to accompany U.S. shipments. APHIS issues phytosanitary certificates in accordance with international regulations set down by the International Plant Protection Convention of the Food and Agriculture Organization of the United Nations. This standard-setting body coordinates cooperation between nations to control plant and plant product pests and to prevent their spread. An overview of EU mandatory and voluntary certificates can be found at: <http://www.fas.usda.gov/posthome/useu/certificates-overview.html>.

Council Directive [2000/29/EC](#) contains provisions concerning compulsory plant health checks. This includes documentary, identity and physical plant health checks to verify compliance with EU import requirements. More information can be accessed on DG Health & Consumer Protection's website http://ec.europa.eu/food/plant/organisms/imports/inspection_en.htm.

Commission Regulation [1756/2004](#) provides for plant health checks to be carried out at reduced frequency when this can be justified (list of products recommended for plant health checks at reduced levels [updated June 26, 2009](#)).

Tariffs

Imports of fresh fruit and vegetables are subject to the *Entry Price System* (EPS) which has been in place in its current form since the Uruguay Round. It is a complex tariff system that provides a high level of protection to EU producers. Within this system, fruits and vegetables imported at or above an established entry price are charged an *ad valorem* duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the *ad valorem* duty. The tariff equivalent is graduated for

products valued between 92 and 100 percent of the entry price. The *ad valorem* duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

In April 2008, a study financed by the Commission of the European Union and carried out by a consultancy, assessed the impact of changing the EPS. The report concluded that the EPS could be considered as a means of signaling market disturbances rather than as a relevant trade restriction. The entire report can be found at: http://ec.europa.eu/agriculture/eval/reports/fruitveg/index_en.htm .

Whether or not the EU will maintain the EPS will be discussed within the context of the Doha Round trade talks. The EPS is not necessarily discriminatory for U.S. exporters, who tend to sell high quality products which are usually relatively high priced and do not face any additional duty. Replacing the EPS with fixed tariffs could result in higher *ad valorem* duties.

Tariff levels for 2011 are published in EU Regulation 861/2010. For details please refer to: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:284:0001:0887:EN:PDF>

Oranges see page 86

Tangerines see page 87

Lemons see page 87

Grapefruit see page 87

Other Citrus see page 87

Orange Juice see page 155

Marketing:

EU Marketing Standards for Fruits and Vegetables

On July 1, 2009, [Commission Regulation 1221/2008](#) entered into force, providing a general marketing standard for all fresh fruits and vegetables and repealing specific marketing standards for 26 products. For 10 types of fruit and vegetables, including citrus, specific marketing standards will remain in place.

Fresh fruit and vegetable imports into the EU are checked for compliance with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging and presentation.

For detailed up-to-date information, please visit: <http://useu.usmission.gov/agri/Fruit-Veg.html>

EU Agricultural Product Quality Policy

Certain citrus products come under the EU Protected Geographical Indication Scheme (PGI). The aim of this program is to promote and protect names of quality agricultural products and foodstuffs. PGIs related to agricultural products and foodstuffs which are closely linked to a specific geographical area. At least one of the stages of production, processing or preparation takes place in the identified area.

Table 20. Citrus PGIs in the EU-27

Country	Name	Products	Scheme
Spain	Citricos valencianos	Oranges, Tangerines and Lemons	PGI
	Clementinas de las Tierras del Ebro;	Clementines	PGI
Italy	Limone Femminello del Gargano	Lemon	PGI
	Limone di Sorrento	Lemon	PGI
	Limone Costa d'Amalfi	Lemon	PGI
	Clementine di Calabria	Clementines	PGI
	Clementine del Golfo di Taranto	Clementines	PGI
	Arancia del Gargano	Orange	PGI
	Arancia Rossa di Sicilia	Orange	PGI
Greece	Tangerines Chiou	Tangerines	PGI
Portugal	Citricos do Algarve	Oranges, Tangerines	PGI

Trade Shows

Trade shows in Europe offer excellent opportunities for U.S. exporters to meet potential clients or business partners from EU countries and other continents.

The most important trade shows related to the fruit and vegetable sectors are:

Fruit Logistica

Berlin, Germany

Frequency: Every year

Web: <http://www.fruitlogistica.de>

Fruit Logistica is one of the most important trade shows for fresh and dried fruits in Europe. The next show will take place on **February 9-11, 2011**. More than 2,000 companies from across the entire fresh produce value chain will participate, including major global players as well as small and medium-sized suppliers from around the world.

Bio Fach

Nuremberg, Germany

Frequency: Every year

Web: <http://www.biofach.de>

Bio Fach is one of the most important trade shows for organic products in Europe. The next show will take place on **February 16-19, 2011**.

Other Related Reports from FAS EU Offices

Report number	Title	Date released
LINK	EU-27 – Citrus Semi Annual	06/17/2010
E49092	EU-27 - Citrus Annual	12/22/2009
E48001	EU-27 – Market Development Reports - Fruits and Vegetables	01/07/2008
GR7020	Greece – Annual Report	01/14/2008
SP7032	Spain – Annual Report	11/05/2007

These reports can be accessed through the FAS website <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.